



**Joe Randell**  
President and Chief Executive Officer

**Jolene Mahody**  
Executive Vice President and  
Chief Financial Officer

**Nathalie Megann**  
Vice President, Investor Relations and  
Corporate Affairs

May 2016



# Disclaimer



## CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain information in this presentation, and statements made during this presentation may be forward-looking. These forward-looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including references to assumptions. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

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# Corporate profile



<b>Market summary</b>	
<b>Ticker symbols</b> *to be consolidated to CHR May 24, 2016	TSX: CHR.B*, CHR.A*
<b>Shares outstanding<sup>(1)</sup></b>	122.2 million
<b>Market capitalization<sup>(2)</sup></b>	~\$780 million
<b>Monthly dividend / Dividend yield <sup>(3)</sup></b>	\$0.04 per share / ~7.5%

(1) Outstanding Chorus shares as of April 30, 2016 was 122,232,397.

(2) Calculated using closing price of Chorus Class B shares of \$6.38 on the TSX on May 13, 2016.

(3) The dividend yield is calculated by dividing the annualized dividend of C\$0.48 by the closing price of Chorus shares of C\$6.38 on the TSX on May 13, 2016.



# Chorus Aviation Inc. Canada's largest regional airline



Why invest in Chorus Aviation?

Jazz Aviation operations

Voyageur Aviation Corp.

Focus areas and growth opportunities



# Why invest in Chorus



- Long-term Capacity Purchase Agreement (CPA) limits exposure to many variable costs and provides flexibility to grow and diversify.
- Cash flows generated from CPA are expected to support future investment and annual dividend of \$0.48 per share – over \$846 million paid in dividends since 2006 IPO.
- Consistently profitable every quarter.
- Strong balance sheet (approximately \$220 million in unencumbered fixed assets) and liquidity with positive and predictable cash flow.
- Strong market position in Canada – Jazz subsidiary is Canada's largest regional airline.
- Demonstrated commitment to diversification with acquisition of Voyageur.
- Our highly skilled and experienced workforce delivers operational excellence.

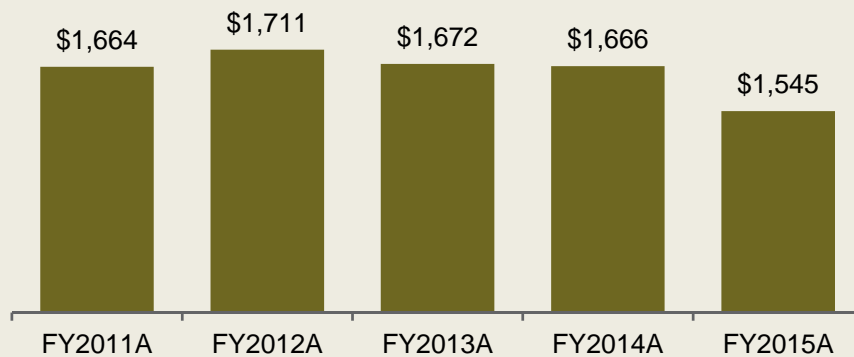


# Financial performance indicators



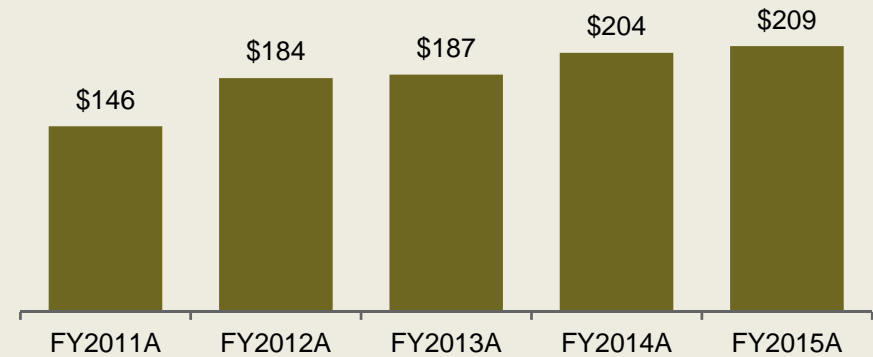
## Revenue

In C\$ millions  
FY Ending December 31



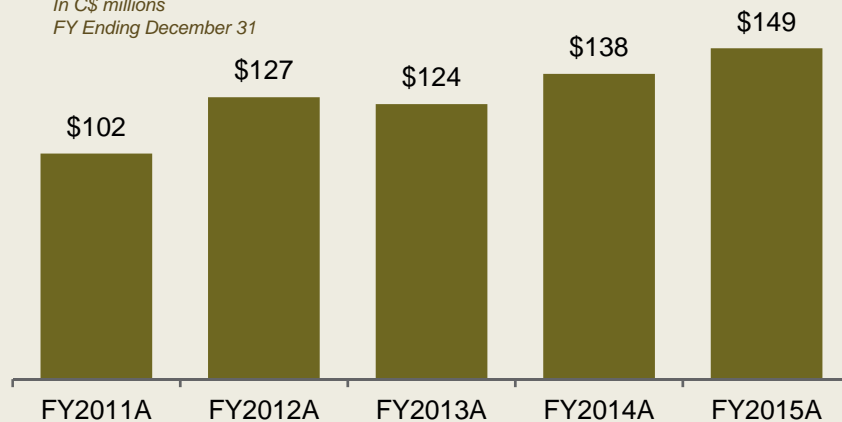
## Adjusted EBITDA<sup>(1)</sup>

In C\$ millions  
FY Ending December 31



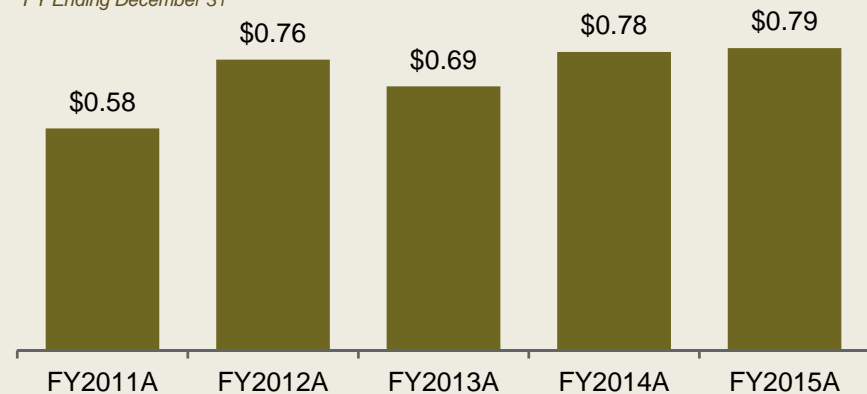
## Operating Income

In C\$ millions  
FY Ending December 31



## Adjusted EPS<sup>(1)</sup>

In C\$  
FY Ending December 31



(1) Non-GAAP measure



# First quarter 2016 financial results



## Chorus Aviation Inc.

Period ended March 31, 2016 (\$ million)	Q1 – 2016	Q1 – 2015
Operating Revenue	320.6	375.1
Adjusted EBITDA <sup>(1)</sup>	45.4	28.0
Adjusted EBITDA <sup>(1)</sup> , excluding other items	50.9	40.1
Operating Income	26.8	15.9
Adjusted Net Income <sup>(1)</sup>	14.8	8.9
Adjusted EPS (basic) <sup>(1)</sup>	0.12	0.7

(1) Non-GAAP measure



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# Jazz – Canada's regional airline



# Air Canada Express



- Jazz flies for Air Canada as Air Canada Express
  - Operates ~ 70% of Air Canada's regional capacity
- 11-Year Capacity Purchase Agreement (CPA)
- Three types of missions for Air Canada:
  - Smaller markets with lesser demand
  - High density markets at off-peak times
  - Point-to-point service of lower density routes

**AIR CANADA** 

**AIR CANADA**   
**express**

Purchases capacity  
Determines routes  
Flight schedules  
Ticket prices  
Marketing

Provides crews  
Airframe maintenance  
Flight operations  
Some airport operations



# Fleet simplification and modernization



The Chorus fleet will transition to more efficient, larger aircraft with significant fleet simplification

- Jazz will transition to a mix of larger, newer technology regional jets (CRJ900s) and turboprops (Q400s)

Aircraft Type	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Q400	27	42	44	44	44	49	49	49	49	49	49
CRJ200	16	13	10	10	10	0	0	0	0	0	0
CRJ900	16	16	21	21	21	21	21	21	21	21	21
<b>Total</b>	<b>59</b>	<b>71</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>

- The addition of Q400s will replace older, less efficient Dash 8-100s that have a higher value in alternative uses

Aircraft Type	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Dash 8-100	28	19	16	15	15	15	12	12	4	1	0
Dash 8-300	26	26	26	26	26	26	26	26	26	26	26
<b>Total</b>	<b>54</b>	<b>45</b>	<b>42</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>38</b>	<b>38</b>	<b>30</b>	<b>27</b>	<b>26</b>



## Unlocking the value in the fleet

### Dash 8 Classics: Unlocking Value

- Reduction of 19 Dash 8-100s prior to 2020 enables Chorus to re-deploy these owned assets
- Remaining Dash 8-100s flown under existing compensation structure through to retirement
- Life extension program investment for Dash 8-300s with AC financing

### Existing Q400s: Solidifying Value

- Enable return for Chorus investment for a much longer period of time
- Solidifies the existing lease rates through expiry of the financing
- Market rates thereafter through CPA expiry

### New Q400s: Leveraging Chorus Balance Sheet to Enhance Value

- Minimum addition of 13 new Q400s of the 23 Q400s to be introduced
- Leverage of the Chorus balance sheet to finance the new Q400s and CRJ900s at attractive financing terms
- Differentiator to other Air Canada regional providers



# Chorus compensation under the CPA



## Fixed Fees

- Fixed margin per covered aircraft
- Fixed infrastructure fee per covered aircraft
- Combined fixed fees set at \$111.7 million until 2020 once incremental aircraft are in CPA fleet

## Performance Incentives

- Achieving established targets:
  - Controllable on-time performance
  - Controllable flight completion
  - Passengers arriving with luggage
  - Customer service
- Maximum available annually (2016-2020): \$23.4 million

## Aircraft Leasing

- Chorus-owned Q400 aircraft leased into Jazz's Air Canada Express operation (5 CRJ900s in 2016)
- Earns leasing revenue on 26 Q400 aircraft and 4 Q400 engines - \$68.8 million in FY 2015
- Generates cash margin of 20% (after debt servicing charges)



# Compensation under the CPA



(unaudited)	For the calendar year ended December 31, 2015	For the twelve months ended March 31, 2016	Average for calendar years 2016-2020	Average for calendar years 2021-2025
(expressed in millions of Canadian dollars)				
CPA Fixed Fee Compensation <sup>(1)</sup>	109.7	109.7	111.3	64.9
CPA Compensating Mark-up	N/A	N/A	N/A	N/A
CPA Performance Incentives – Earned <sup>(2)</sup>	21.7	21.8	TBD	TBD
CPA Performance Incentives – Maximum available	23.3	23.4	23.4	12.2
Total CPA Compensation Earned	131.4	131.4	TBD	TBD
<b>Total CPA Compensation Available</b>	<b>133.0</b>	<b>133.1</b>	<b>134.7</b>	<b>77.1</b>
Aircraft Leasing Revenue Under CPA <sup>(3)</sup>	68.8	75.9	105.8	104.8
Total CPA Compensation & Aircraft Leasing Revenue Earned under CPA	200.2	207.4	TBD	TBD
<b>Total CPA Compensation &amp; Aircraft Leasing available under CPA</b>	<b>201.8</b>	<b>209.0</b>	<b>240.5</b>	<b>181.9</b>
# Aircraft Under Lease in CPA				
- Bombardier Q400	26	28	34	34
- De Havilland Dash 8-300	—	—	10	19

(1) CPA Compensation for 2016-2020 is not contingent upon fleet size while 2021-2025 has a portion adjusted downward as the remaining Dash 8 100 aircraft reach their retirement dates. The compensation amounts shown for 2015-2025 are not impacted by block hours flown and assume no material events of default or force majeure by either party to the CPA.

(2) There can be no assurance given that the 90% historical level of performance under the CPA Performance Incentives Earned will be achieved in the future.

(3) Aircraft Leasing contains forward-looking information based on certain assumptions and estimates including: estimated purchase price; foreign exchange rates; and interest rates for purchase of the incremental 13 Q400 aircraft, and market lease rates post retirement of current 21 Q400 debt financing based on the fleet plan. These projections may differ from actuals numbers if there are material changes in any and all of these assumptions or estimates. Foreign exchange rates used in the calculation of aircraft leasing revenue under CPA were US\$:CAD\$ 1.31 and US\$:CAD\$ 1.25 for the years 2016 and 2017-2025, respectively.



## Controllable Revenue (controllable costs)

Type of costs	<ul style="list-style-type: none"><li>■ General overhead, salaries, wages and benefits</li><li>■ Depreciation and amortization on aircraft and parts</li><li>■ Aircraft maintenance</li><li>■ Materials and supplies</li></ul>
Rate setting	<ul style="list-style-type: none"><li>■ Set annually, based on projected annual block hours, flying hours, cycles, passengers carried</li><li>■ Associated cost determined by Chorus and resulting rates mutually agreed upon with Air Canada</li><li>■ Annual rate setting decreases Chorus risk profile and increases accuracy of rates</li></ul>
Crew rates	<ul style="list-style-type: none"><li>■ Set for the term of the CPA and reflect projected crew unit costs</li><li>■ Embedded in collective agreements</li><li>■ Can be adjusted based on certain criteria</li></ul>



## Pass-through costs

Pass-through costs	<ul style="list-style-type: none"><li>■ Incurred by Chorus under the CPA</li><li>■ Passed through to Air Canada and fully reimbursed</li></ul>
Type of costs	<ul style="list-style-type: none"><li>■ Airport fees</li><li>■ Navigation fees</li><li>■ Terminal handling fees</li></ul>
Exclusion	<p>Services provided by Air Canada at no cost to Chorus include:</p> <ul style="list-style-type: none"><li>■ Aircraft fuel</li><li>■ Air Canada ground handling</li></ul>





# Industry-leading collective agreements



## ■ Pilots

- Agreement expires December 31, 2025
- Greater flexibility with cost competitive structure
- Flow of pilots to Air Canada
- DB pension replaced by DC pension (new hires)
- No strike or lockout



## ■ Flight Attendants, Maintenance and Dispatchers

- Agreements expire December 31, 2025
- Productivity enhancements
- Transition to competitive labour costs
- No strike or lockout
- Cost control measures



# Value drivers from the CPA



- Predictable compensation levels to support investments and dividend
- Strengthened relationship with Air Canada
- Increased market competitiveness
- Secured long-term labour agreements to 2025
- Reduced reliance on fixed fees per covered aircraft
- Solid foundation from which to grow and diversify



# Jazz beyond 2025



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## A logical extension of our business

- Transport Canada approved air operator and MRO
- Specialized aviation services
  - Contract flying
  - Advanced maintenance and engineering
- International reach
- Founded nearly 50 years ago
- Headquartered in North Bay, ON
- Share several competencies
  - Contract flying
  - Maintenance
  - Aircraft leasing



# Voyageur business segments: Voyageur Airways - Contract flying operations








- ~70% of revenues derived from contract flying operations
- Medical, logistical and humanitarian flight operations serving blue chip clients
- Transport Canada approved air operator and maintenance organization
- Fixed-base operation (FBO) at North Bay airport provides aircraft fueling, ground handling and aircraft facilities



# Voyageur business segments:

Voyageur Airways - Contract flying operations - 17 aircraft

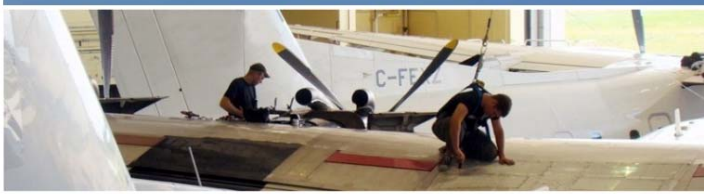


Aircraft	Number	Aircraft Type
 Bombardier CRJ 200LR	7	Passenger charter
 Bombardier Dash 8 300	6	Passenger charter
 Bombardier Dash 8 100	1	Passenger charter
 De Havilland Dash 7	1	Passenger charter
 Beechcraft King Air 200	2	Air ambulance



# Voyageur business segments:

Voyageur Aerotech - Specialty maintenance and engineering



- Maintenance, repair and overhaul (MRO) services for customers worldwide
- Specialized on all models of Bombardier regional aircraft
  - Transport Canada, FAA and European Aviation Safety Agency approved
  - Design Approval Organization by Transport Canada
- Full in-house design engineering and aircraft modification capabilities for special mission integration support
- Developed Supplemental Type Certificates (STC) for Dash 8-100/200/300, Dash 7 and Dash Q400 aircraft
  - Ability to make major modifications or improvements to an aircraft type
- Represents ~25% of revenues





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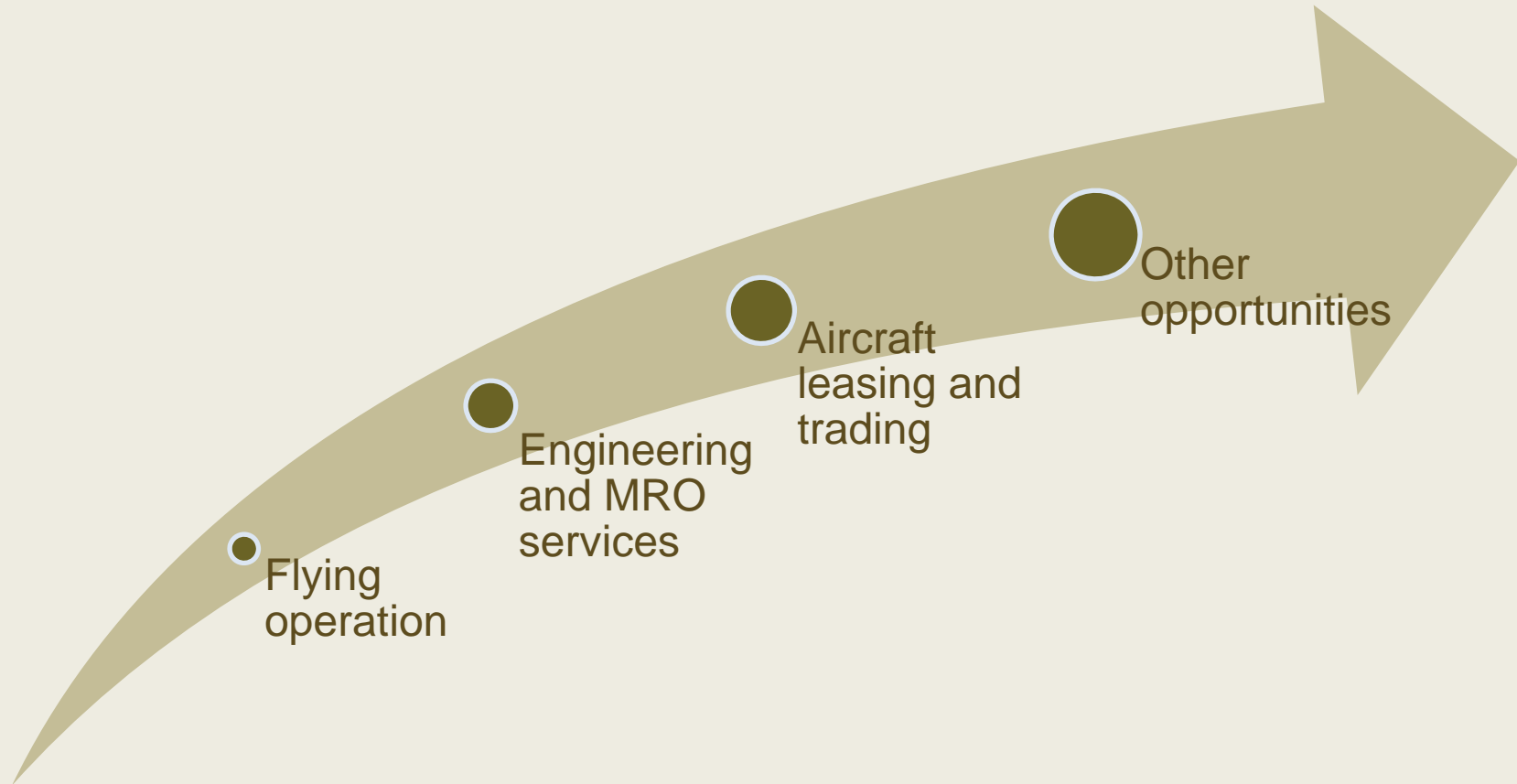
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# Focus areas and growth opportunities



Thank you



**Nathalie Megann**

Vice President, Investor Relations and Corporate Affairs

[nmegann@chorusaviation.ca](mailto:nmegann@chorusaviation.ca)

(902) 873-5094



# Balance Sheet – Q1 2016



	March 31, 2016 \$	As at December 31, 2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	13,886	32,677
Restricted cash	1,829	1,829
Accounts receivable – trade and other	87,571	81,357
Inventories	47,854	45,942
Prepaid expenses and deposits	15,696	15,718
<b>Total current assets</b>	<b>166,836</b>	<b>177,523</b>
<b>Property and equipment (note 4)</b>	<b>905,865</b>	<b>863,992</b>
<b>Intangibles</b>	<b>2,927</b>	<b>3,004</b>
<b>Goodwill</b>	<b>7,150</b>	<b>7,150</b>
<b>Deferred income tax asset (note 7)</b>	<b>29,562</b>	<b>19,644</b>
<b>Other long-term assets</b>	<b>34,444</b>	<b>36,026</b>
	<b>1,146,784</b>	<b>1,107,339</b>



# Balance Sheet – Q1 2016 (cont.)



	March 31, 2016 \$	As at December 31, 2015 \$
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	178,647	177,313
Current portion of obligations under finance leases	5,145	5,432
Current portion of long-term incentive plan	5,579	5,159
Current portion of long-term debt (note 6)	55,165	54,867
Current portion of consideration payable	11,319	11,319
Dividends payable	4,889	4,889
Income tax payable	470	7,270
<b>Total current liabilities</b>	<b>261,214</b>	<b>266,249</b>
<b>Obligations under finance leases</b>	<b>11,882</b>	<b>14,052</b>
<b>Long-term debt (note 6)</b>	<b>530,762</b>	<b>530,390</b>
<b>Consideration payable</b>	<b>19,109</b>	<b>18,849</b>
<b>Deferred income tax liability (note 7)</b>	<b>108,474</b>	<b>103,202</b>
<b>Other long-term liabilities</b>	<b>85,253</b>	<b>63,801</b>
	<b>1,016,694</b>	<b>996,543</b>
<b>Equity</b>	<b>130,090</b>	<b>110,796</b>
	<b>1,146,784</b>	<b>1,107,339</b>



# Voyageur transaction and acquisition highlights



<b>Overview</b>	<ul style="list-style-type: none"> <li>▪ Chorus acquired all of the issued and outstanding shares of 519222 Ontario Limited, the holding company that owned Voyageur Airways ('Voyageur') and its related companies from Max Shapiro.</li> <li>▪ Transaction closed May 1, 2015.</li> </ul>
<b>Price</b>	<ul style="list-style-type: none"> <li>▪ Purchase price represented a total enterprise value of approximately \$80 million, subject to working capital adjustments.</li> </ul>
<b>Key Financial Metrics</b>	<ul style="list-style-type: none"> <li>▪ \$67.7 million total revenue, \$16.9 million adjusted EBITDA<sup>1</sup>, for the last fiscal year ending December 31, 2014.</li> <li>▪ Transaction multiple of 4.7 x adjusted EBITDA<sup>1</sup>;</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>▪ The balance of the upfront payment was paid with Chorus cash on hand.                             <ul style="list-style-type: none"> <li>– \$47 million paid at closing.</li> <li>– ~\$29.5 million payable in separate installments up to 36 months post-closing.</li> </ul> </li> <li>▪ \$8 million in Chorus shares issued to Max Shapiro.</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>▪ Employment agreements secured with Voyageur's senior management team for 5 years.                             <ul style="list-style-type: none"> <li>– Max Shapiro to remain with Company for a transitional period of at least 3 years.</li> </ul> </li> <li>▪ Voyageur to be operated independently of Jazz.</li> </ul>



# Value proposition summary



## Creates a new growth platform for Chorus

- Logical extension of the Chorus contract flying business model and is a cultural fit.
- Specialty contract flying services growth potential internationally and domestically diversifies risk profile providing higher profitability margins.
- Specialty maintenance and engineering certifications creates increased potential for revenue growth and diversification.

## Attractive valuation

- Voyageur is a long-standing business with a history of successful operations, contract renewals and strong relationships with its client base. Strong financial performance.
- Attractive valuation of 4.7x adjusted EBITDA<sup>1</sup>.
- Purchase price is supported by the appraised value of owned aircraft, real estate and working capital.
- Immediately accretive to consolidated earnings and free cash flow.
- Chorus to maintain a strong balance sheet and financial flexibility.

**Corporate developments achieved so far in 2015 are expected to deliver incremental value and solid returns to Chorus shareholders.**

